



CITY OF CONCORD

NEW HAMPSHIRE

City Hall - 41 Green Street - Concord, NH 03301 - tel. (603) 225-8510 - fax (603) 228-2701

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES May 27, 2009

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Allen Bennett, Elizabeth Blanchard, Mark Coen, Michael Gfroerer, Todd Haywood, Dan St. Hilaire, and Nadine Salley

Absent: Janet Sprague

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, CD Grants Consultant
Bev Rafferty, Administrative Assistant

Guests: Brad Hosmer, YMCA Chairman of the Board
Eileen Demers, Finance Director
Deb Acres, Senior Program Director

1. Minutes of April 22, 2009 meeting

Michael Gfroerer made a motion to accept the minutes as written; seconded by Allen Bennett; motion passed unanimously.

The Chairperson moved the agenda items as follows:

4. Revolving Loan Fund

The two new applications were not yet ready for CDAC action. CDAC reviewed the outstanding loans report and account balance report. Bev Rafferty gave a brief update on one client who is behind in payments. Joia Hughes will be contacting that gentleman to discuss how he plans to bring his account current and what, if anything, CDAC could do to possibly help him.

YMCA: At last month's meeting, CDAC had numerous questions and concerns about approving a loan request for the YMCA to purchase new equipment in the amount of \$154,924. Joia Hughes had contacted the "Y" and had received answers to some of the questions raised by CDAC and at today's meeting three representatives were present to further the discussion. Brad Hosmer, Chairman of the Board, Eileen Demers, Finance Director, and Deb Acres, Senior Program Director, were in

attendance. Ms. Demers provided a copy of the “Y’s” Income and Expense Statement for the period October 1, 2008 through April 30, 2009.

Mr. Hosmer informed CDAC that the “Y” needs to modernize their equipment; especially the cardio equipment. If they are able to modernize the facility, it can benefit the members and the community. The “Y” provides scholarships each year to families who cannot pay for memberships.

The ability to repay the loan is a significant issue for CDAC. Mr. Hosmer noted that the “Y” has made major strides in the past year and their Profit and Loss Statement shows a surplus.

Deb Acres noted the new CEO has done well this past year and hopes to improve the facility for the community.

Eileen Demers commented as for repayment of the loan that a lot of major strides have been made and she noted one of the major changes is they now do automatic payments for the childcare programs where, in the past, cash flow was part of the problem. They now have more internal control in place. They receive over \$800,000 a year.

Mr. Hosmer noted the new financial policies and procedures implemented by the new CEO have made a tremendous difference. For example, nothing is ordered without a purchase order; this was not done before. He also noted that the Board is much more active than it had been in the past.

There was substantial discussion regarding the following:

- fees,
- membership (current and history),
- how many members are Concord residents (it was noted that the current membership is 1,600 and 80% are from Concord),
- childcare capacity and current number enrolled,
- comparison to other fitness and childcare facilities in Concord.

Chairperson Bart noted there is a mortgage on the building of \$680,000 and inquired as to why traditional funding was not available to them. Ms. Demers felt the late payments from the past affected their ability to get financing through their current banks. She noted, however, that if the “Y” continues as they are now, they might be able to refinance late this year or their next fiscal year which starts in October.

Mr. Hosmer noted they had thought about refinancing but the national “Y” chief had told them it was not a good idea as they do not have the cash flow for a long term mortgage at this time.

Discussion continued that CDAC needed to see a full year's financial information not just 7 month's of data. Eileen Demers noted new software had been installed and she could provide a year's financial report to CDAC. Deb Acres noted the "Y" has been changing and they feel confident that they are ahead of last year and that will continue so they can pay the loan in a timely manner.

Lengthy discussion ensued on the financial status of the "Y". Their current mortgage, utility costs and regular monthly bills were reviewed. There was also lengthy discussion about the turnover of equipment and would it be less expensive to lease all or some of it vs. purchasing new products. The representatives from the "Y" stated that they believe purchasing was best for the facility as opposed to leasing this equipment. Deb Acres noted that cardio equipment is usually good for three years and free weights for five years. The "Y" would prefer getting a loan vs. doing something else if at all possible.

Mr. Hosmer noted that the purchase of new equipment would complete renovation of the cardio room. Other recent improvements include new televisions and upgrades to the air conditioning system.

Mark Coen inquired as to the members of the Board and their background. Mr. Hosmer gave a brief background of the new CEO, Jim Doremus, and named the Board members noting he was not familiar with all of their backgrounds. The Board is 17 members strong.

There was lengthy discussion on the depreciation expense. Eileen Demers noted this was an accounting detail even though they do not pay taxes being a non-profit. She also noted there is no fund for equipment replacement. She must include a line item in expenses for depreciation but there is no money in an account.

CDAC then concluded that it would like a year's financial report in order to see the entire year's budget and projections and Ms. Demers noted she would send that to Joia Hughes. Chairperson Bart thanked Mr. Hosmer, Ms. Demers, and Ms. Acres for attending today's meeting.

At this time CDAC continued with its discussion on the "Y's" request for a loan. The childcare section of the "Y" was discussed in that attendance was going down but they still need to pay for electricity and other expenses and if this economy stays the way it is, there is no income they should bank on.

Chairperson Bart inquired about the RLF account and what the balance would be if CDAC loaned the "Y" \$154,924. The current balance is \$292,000 so more than half would be loaned to the "Y" and the next appropriation will not be done until after June 30th. Matt Walsh estimated \$70,000 to be appropriated at that time.

Nadine Salley noted the location of the “Y” is what benefits it; the town professionals are the ones that go there; but they are not the low income people; location dictates why they go there.

Matt Walsh noted the following options for CDAC to consider:

- 1) Approve the loan;
- 2) Do nothing;
- 3) Go halfway and approve a partial loan amount; or
- 4) Delay any action until CDAC sees all financial information on a yearly basis.

Michael Gfroerer noted the decision for the “Y” to stay downtown is a value to the city and that they have waiting lists for childcare placement. Nadine Salley noted where they do not have an infant childcare program, they can run a profitable center as infant care is high cost.

CDAC decided to wait for the additional information: one year’s budget, a Profit & Loss balance sheet, last year’s data also, etc. and meet in June to make a decision on this application. It was also requested to obtain membership trends for the last five years but Joia Hughes informed CDAC she had requested that information and was told it was not available. Members of CDAC also asked for a copy of the Y’s marketing or business plans (if any). Members of CDAC also wanted to know whether the “Y” would accept a longer term in order to reduce the amount of the monthly payments.

CDAC will review this loan request again in June.

3. Community Development Block Grant Application - Vegas Building

Matt Walsh informed CDAC that a coalition of people had met regarding the Vegas Building. Specifically, Mr. Walsh reported that Deputy City Manager Carlos Baía wanted to make sure that the City has done all in its power to help remedy issues with the property, recognizing that many of the issues with the property are beyond the control of the City and are the direct result of decisions made by the building’s current owners. Concerns about potential negative impacts to the building’s current occupants, should the property fall into foreclosure or bankruptcy, were also discussed.

Jeff Bart recalled that the mock scoring prepared last month showed that the project would not be competitive when evaluated against other applications. He asked what had changed which might help the project be more competitive. Matt Walsh explained that since CDAC’s last meeting, the City, with assistance from a local structural engineer, had observed the building and determined that the bow in the

north wall is not a structural issue. He also reported that the City had contacted the building owner's current lender and confirmed that the building is not in foreclosure, and nor would it be unless the owners violated any of the terms of a recent settlement agreement with the lender.

Joia Hughes noted that she and Matt Walsh feel that if CDAC authorizes the city to apply for a grant, one of the requirements must be that the owners hire a management company to oversee the building's operations.

Ms. Hughes continued that the involvement of the Community Action Program (CAP) to put in new appliances would help boost the score on the grant application. She has approached CAP about this but they have not yet had access to the building. Discussion was had on how many more points could be added if CAP partnered with the city for the grant application and Joia Hughes noted the stimulus money CDFA received is going to fund the grant applications awarded in January.

Further discussion covered numerous items and issues including would CDAC be setting a precedent in applying for this grant, who is the city applying on behalf of (the owners or the tenants), is this grant too much of a risk given the shaky financial condition of the current owners.

Michael Gfroerer made a motion that CDAC recommend to City Council to apply for a CDBG up to \$167,000; seconded by Mark Coen. Discussion followed. Matt Walsh noted this grant money would improve the quality of living for the tenants but it does not mean that the tenants may not still be out on the street.

After some further brief discussion, CDAC voted unanimously to not authorize the grant application. The motion failed.

Due to the time, agenda items 2 and 5 were not discussed at today's meeting.

6. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:45 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant